

Message Text

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ACTION OPIC-12

INFO OCT-01 AF-10 ISO-00 EB-11 AID-20 FRB-02 TRSE-00 EUR-25

/081 W

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R 011155Z APR 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 4893

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LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 1878

DEPT PASS OPIC

EO 11652: N/A

TAGS: OTRA, EGEN, TS

SUBJ: SUCCESSFUL TUNISIAN VISIT BY OPIC PRESIDENT MAYS

REF: STATE 056036; TUNIS 1619

1. SUMMARY. OPIC PRESIDENT MAYS LEFT TUNISIA FOR CAIRO MARCH 30 AFTER EXTREMELY SUCCESSFUL VISIT HIGHLIGHTED BY CALL ON PRIME MINISTER NOUIRA MARCH 28.

MR. MAYS RECEIVED SPECIAL WELCOME WHICH STRESSED TUNISIA'S DESIRE FOR GREATER TRANSFER OF AMERICAN TECHNOLOGY, MANAGEMENT AND CAPITAL TO TUNISIA THROUGH FOREIGN PRIVATE INVESTMENT. END SUMMARY.

2. PRIME MINISTER NOUIRA EMPHASIZED TO MAYS TUNISIA'S APPRECIATION FOR PAST U.S. ASSISTANCE EXTENDED AT A DIFFICULT TIME IN TUNISIA'S EXISTENCE AND SAID TUNISIA WILL NEVER FORGET THIS HELP. PDG TIJANI CHELLI OF THE INVESTMENT PROMOTION AGENCY (API) NOTED IN PRESENCE OF PRIME MINISTER THAT THANKS IN LARGE PART TO U.S. AID TUNISIA HAS MADE SUFFICIENT ECONOMIC PROGRESS TO BE LESS DEPENDENT UPON FOREIGN "HANDOUTS" AND NOW HAS SUFFICIENT FOREIGN EXCHANGE AND DOMESTIC FINANCIAL RESOURCES TO

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ASSURE ITS DEVELOPMENT. WHAT IS NOW REQUIRED, CHELLI

SAID, IS TECHNOLOGY, WHICH GOT HOPES CAN BE PROVIDED IN PART UNDER LAW OF APRIL 1972 CREATING SPECIAL INCENTIVES TO FOREIGN FIRMS ESTABLISHING MANUFACTURING PLANTS FOR EXPORT.

3. PM NOUIRA NOTED THAT IN SPITE OF EXCELLENT BILATERAL RELATIONS BETWEEN OUR TWO COUNTRIES, ROLE OF U.S. PRIVATE INVESTMENT IN TUNISIA HAS BEEN MODEST. HE HOPED THIS COULD CHANGE AND STRESSED IMPORTANCE OF HAVING U.S. FIRMS INVEST IN TUNISIA TO SERVE TUNISIAN OBJECTIVE OF INCREASING LOCAL EMPLOYMENT AND ACQUIRING TECHNOLOGY. TUNISIA, BY EXPORT PROMOTION LAW OF APRIL 1972, HAS ISSUED CALL FOR PRIVATE INVESTMENT FROM ALL FRIENDLY STATES AND BELIEVES THAT TUNISIA IS OFFERING ADVANTAGES TO FOREIGN INVESTORS AT LEAST EQUAL TO IF NOT BETTER THAN THOSE OFFERED TO INVESTORS BY OTHER DEVELOPING COUNTRIES. HE STRESSED THAT GOT POLICY TO BASE ITS DEVELOPMENT EFFORT ON FOREIGN PRIVATE INVESTMENT WAS "A GAMBLE" (PARI). NOUIRA CITED STABLE POLITICAL CLIMATE, PRODUCTIVE AND LOW-COST LABOR FORCE, FAVORABLE TAX INCENTIVES AND ACCESS THROUGH ASSOCIATION AGREEMENT WITH EC TO LARGE EUROPEAN COMMON MARKET AMONG MAJOR ATTRACTIONS FOR U.S. PRIVATE INVESTORS.

4. MR. MAYS EXPRESSED HIS APPRECIATION FOR THE WARM WELCOME HE HAD RECEIVED IN TUNISIA. HE NOTED HIS CONFIDENCE THAT SOME AMERICAN INVESTORS WILL BE INTERESTED IN ESTABLISHING THEMSELVES IN TUNISIA. HE CALLED MR. NOUIRA'S ATTENTION TO FACT THAT ONE OF SIXTEEN PROJECTS SINGLED OUT IN OPIC'S ANNUAL REPORT TO CONGRESS WAS FERTILIZER PLANT ESTABLISHED BY U.S. STEEL IN INDIA AND NOTED THAT U.S. STEEL MIGHT ALSO BE INTERESTED IN COMING TO TUNISIA. HE SAID THAT IN ADDITION TO TRANSFER OF TECHNOLOGY, U.S. FIRMS ARE ABLE TO MAKE IMPORTANT CONTRIBUTION OF MANAGEMENT WHICH PERMITS EFFECTIVE UTILIZATION OF TECHNOLOGY TO SERVE BOTH INVESTOR AND RECEIVING COUNTRY. HE WELCOMED TUNISIA'S DESIRE TO SEEK PRIVATE INVESTMENT FROM ALL COUNTRIES BUT EXPRESSED CONFIDENCE THAT TUNISIA WILL FIND THAT U.S. FIRMS HAVE MORE TO OFFER TUNISIA THAN DO INVESTORS FROM OTHER COUNTRIES.

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HE RECALLED THAT TWENTY-FIVE YEARS AGO HIS HOME STATE OF SOUTH CAROLINA ALSO "GAMBLED" IN OBTAINING OUTSIDE PRIVATE INVESTMENT TO TRY TO OVERCOME SERIOUS UNEMPLOYMENT AND OTHER ECONOMIC PROBLEMS. SOUTH CAROLINA WON ITS GAMBLE AND SUCCEEDED IN ATTRACTING IMPORTANT INVESTORS, INCLUDING SOME MAJOR INVESTMENTS FROM ABROAD, AND NOW HAS ONE OF THE LOWEST RATES OF UNEMPLOYMENT IN U.S.

5. PRIME MINISTER NOUIRA SAID THAT TUNISIA ATTACHES
PARAMOUNT IMPORTANCE TO ITS RELATIONS WITH TWO COUNTRIES:
THE U.S. AND FRANCE. TUNISIA CANNOT BE JEALOUS NOR
PERMIT CONFLICTS TO INTERFER WITH ITS RELATIONS WITH
EITHER PARTNER.

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ACTION OPIC-12

INFO OCT-01 AF-10 ISO-00 EB-11 AID-20 FRB-02 TRSE-00 EUR-25

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R 011210Z APR 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 4894

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LIMITED OFFICIAL USE SECTION 2 OF 2 TUNIS 1878

DEPT PASS OPIC

E.O. 11652: N/A

TAGS: OTRA, EGEN, TS

SUBJ: SUCCESSFUL TUNISIAN VISIT BY OPIC PRESIDENT
MAYS

REF: STATE 056036: TUNIS 0619

6. MAYS ALSO CALLED ON CHELLI, AND (IN ABSENCE OF
MINISTERS) ON SECRETARIES OF STATE OF PLAN AND NATIONAL
ECONOMY, AND ON HABIB BOURGUIBA, JR., PDG OF ECONOMIC
DEVELOPMENT BANK OF TUNISIA (BDT). CHELLI STRESSED
THAT GOT HOPES U.S. PRIVATE INVESTMENT WILL PLAY
"PREDONIMANT ROLE" IN TUNISIA AND REPEATEDLY ISISTED
THAT FROM HIS PERSONAL OBSERVATIONS CONDITIONS OFFERED
TO PRIVATE INVESTORS BY TUNISIA ARE BETTER THAN THOSE
IN SUCH COUNTRIES AS SINGAPORE. HE FELT CONFIDENT THAT
OPIC EFFORTS PUBLICIZE TUNISIA TO AMERICAN BUSINESS,
AND HIS FORTHCOMING VISIT TO U.S. IN APRIL WILL HELP
STIMULATE U.S. INTEREST IN TUNISIA. GOT PLANS FOLLOW UP

THIS EFFORT BY HAVING HIGH LEVEL DELEGATION HEADED BY
MINISTER VISIT U.S. NEXT FALL, TO BE PRECEDED BY VISIT
TO TUNISIA AT INVITATION OF GOT OF ABOUT TEN IMPORTANT
JOURNALISTS. HE EXPRESSED VIEW THAT U.S. FIRMS SHOULD
BE PARTICULARLY INTERESTED IN INDUSTRIES WHICH EITHER
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PROCESS TUNISIAN RAW MATERIALS LIKE PHOSPHATES INTO
HIGHER PRICED PRODUCT OR WHICH UTILIZE ABUNDANT AND
RELATIVELY CHEAP LABOR FORCE IN MANUFACTURING INDUSTRIES.
AS RESULT OF GOT INTEREST IN ESTABLISHING A MODERN BEEF-
GROWING AND MEATPACKING INDUSTRY, MR. MAYS AGREED TO
TRY TO HAVE OPIC CONSULTANT KELLY VISIT TUNISIA ON
RETURN FROM KENYA AND PROMISED INTRODUCE CHELLI TO
AGRI-BUSINESS COUNCIL OF NEW YORK DURING CHELLI'S VISIT
TO U.S.

7. MR MAYSHUYPURED TUNISIAN OFFICIALS OF OPIC'; :9,*8\$3,:3
THAT SOME U.S. COMPANIES WILL PROBABLY RESPOND TO TUNISIAN
INCENTIVES. HE CAUTIONED, HOWEVER, THAT FOREIGN PRIVATE
INVESTORS ARE GOVERNED BY MANY CONSIDERATIONS AND WILL
EXAMINE TUNISIA VERY CLOSELY BEFORE MAKING DECISIONS. HE
HOPED OPIC EFFORT PUBLICIZE TUNISIA WILL STIMULATE GREATER
U.S. PRIVATE INTEREST IN TUNISA AND PROMISED ASSIST
CHELLI IN EVERY WAY POSSIBLE DURING HIS FORTHCOMING
VISIT.

8. COMMENT. OEMBASSY BELIEVES THAT MAYS VISIT WAS
VERY SUCCE SFUL IN MAKING TUNISIANS AWARE OF USG
EFFORTS ASSIST GOT IN ITS EFFORTS TO FURTHER ECONOMIC
DEVELOPMENT THROUGH GREATER PRIVATE INVESTMENT. WHILE
EMBASSY AND MAYS HAVE TRIED TO PREVENT AROUSING UNDUE
EXPECTATIONS ON PART OF TUNISIANS,THEY WILL CLEARLY
BE DISAPPOINTED IN EVENT THAT THEIR PRESENT EFFORTS
DO NOT MEET SOM SUCCESS. MAYS AND EMBA SY BELIEVE THAT
CONDITIONS FOR PRIVATE INVESTMENT OPPORTUNITIES IN
TUNISIA ARE SUFFICIENTLY FAVORABLE TO BE ABLE ATTRACT
GREATER NUMBER OF U.S. FIRMS. TUNISIAN OFFICIALS FROM
PRIME MINISTER DOWN WERE REFRESHINGLY REALISTIC IN
THEIR RECOGNITION OF DECREASING POSSIBILITIES OF
CONTINUED LARGE
SCALE U.S. FINANCIAL ASSISTANCE AND
NEED FOR DEVELOPING CONTRUCTIVE ALTERNATIVES FOR
TRANSFER OF U.S. TECHNOLOGY, MANAGEMENT AND CAPITAL TO
TUNISIA.
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